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# *NLM VANTINGE A/S*

Blåkildevej 27, DK-5750 Ringe

## Annual Report for 2023

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CVR No. 13 40 87 85

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 21/2 2024

Nicolai Elstrøm  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of NLM VANTINGE A/S for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Ringe, 21 February 2024

## Executive Board

Per Leth Sørensen  
Manager

## Board of Directors

Thomas Videbæk  
Chairman

Rasmus Philip Buhl Lokvig  
Vice chairman

Thomas Lægdsmand Ågren

Peter Ryttergaard

Anne Charlotte Roepstorff Lawaetz  
Arhning

# Independent Auditor's report

To the shareholder of NLM VANTINGE A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of NLM VANTINGE A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 21 February 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Kristian Højgaard Carlsen

State Authorised Public Accountant

mne44112

Mette Holy Jørgensen

State Authorised Public Accountant

mne34359

## Company information

|                           |  |
|---------------------------|--|
| <b>The Company</b>        | NLM VANTINGE A/S<br>Blåkildevej 27<br>DK-5750 Ringe<br><br>Website: <a href="http://www.nlmv.dk">www.nlmv.dk</a><br><br>CVR No: 13 40 87 85<br>Financial period: 1 January - 31 December<br>Municipality of reg. office: Faaborg-Midtfyn |
| <b>Board of Directors</b> | Thomas Videbæk, chairman<br>Rasmus Philip Buhl Lokvig, vice chairman<br>Thomas Lægdsmand Ågren<br>Peter Ryttergaard<br>Anne Charlotte Roepstorff Lawaetz Arhning   |
| <b>Executive Board</b>    | Per Leth Sørensen  |
| <b>Auditors</b>           | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Strandvejen 44<br>DK-2900 Hellerup   |

# Management's review

## Key activities

### Development in the year

The income statement of the Company for 2023 shows a profit of DKK 48,719,354, and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 49,382,123.

### Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

### Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any unusual events.

### Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income statement 1 January - 31 December

|   | Note | 2023              | 2022              |
|---|------|-------------------|-------------------|
|   |      | DKK               | DKK               |
| <b>Gross profit</b>   |      | <b>6,240,169</b>  | <b>88,365,831</b> |
| Staff expenses  | 1    | -4,372,764        | -13,177,380       |
| <b>Earnings Before Interest Taxes Depreciation and Amortization</b> |      | <b>1,867,405</b>  | <b>75,188,451</b> |
| Depreciation and impairment losses of property, plant and equipment |      | -414,445          | -2,372,875        |
| <b>Profit/loss before financial income and expenses</b>             |      | <b>1,452,960</b>  | <b>72,815,576</b> |
| Income from investments in subsidiaries                             |      | 47,670,152        | 112,841           |
| Financial income  |      | 0                 | 70                |
| Financial expenses  |      | -108,345          | -323,807          |
| <b>Profit/loss before tax</b>                                       |      | <b>49,014,767</b> | <b>72,604,680</b> |
| Tax on profit/loss for the year                                     | 2    | -295,413          | -16,066,786       |
| <b>Net profit/loss for the year</b>                                 |      | <b>48,719,354</b> | <b>56,537,894</b> |
| <br><b>Distribution of profit</b>                                   |      |                   |                   |
|   |      | 2023              | 2022              |
|   |      | DKK               | DKK               |
| <b>Proposed distribution of profit</b>                              |      |                   |                   |
| Extraordinary dividend paid   |      | 46,000,000        | 0                 |
| Proposed dividend for the year                                      |      | 0                 | 24,500,000        |
| Reserve for net revaluation under the equity method                 |      | 45,670,152        | 112,841           |
| Retained earnings   |      | -42,950,798       | 31,925,053        |
|   |      | <b>48,719,354</b> | <b>56,537,894</b> |



## Balance sheet 31 December

### Assets

|  | Note     | 2023               | 2022              |
|--|----------|--------------------|-------------------|
|  |          | DKK                | DKK               |
| Land and buildings                               |          | 7,872,643          | 8,123,615         |
| Plant and machinery                              |          | 29,968             | 9,970,171         |
| Other fixtures and fittings, tools and equipment |          | 521,707            | 236,214           |
| <b>Property, plant and equipment</b>             | <b>3</b> | <b>8,424,318</b>   | <b>18,330,000</b> |
| Investments in subsidiaries                      | 4        | 83,206,363         | 1,914,154         |
| <b>Fixed asset investments</b>                   |          | <b>83,206,363</b>  | <b>1,914,154</b>  |
| <b>Fixed assets</b>                              |          | <b>91,630,681</b>  | <b>20,244,154</b> |
| Raw materials and consumables                    |          | 0                  | 9,622,921         |
| Finished goods and goods for resale              |          | 0                  | 9,873,951         |
| <b>Inventories</b>                               |          | <b>0</b>           | <b>19,496,872</b> |
| Trade receivables                                |          | 2,956,335          | 28,627,293        |
| Receivables from group enterprises               |          | 0                  | 257,661           |
| Other receivables                                |          | 933,834            | 75,000            |
| Deferred tax asset                               | 5        | 237,019            | 0                 |
| Corporation tax                                  |          | 15,966,714         | 0                 |
| Prepayments                                      |          | 0                  | 60,555            |
| <b>Receivables</b>                               |          | <b>20,093,902</b>  | <b>29,020,509</b> |
| <b>Cash at bank and in hand</b>                  |          | <b>12,632,431</b>  | <b>30,122,310</b> |
| <b>Current assets</b>                            |          | <b>32,726,333</b>  | <b>78,639,691</b> |
| <b>Assets</b>                                    |          | <b>124,357,014</b> | <b>98,883,845</b> |

## Balance sheet 31 December

### Liabilities and equity

|  | Note | 2023               | 2022              |
|--|------|--------------------|-------------------|
|  |      | DKK                | DKK               |
| Share capital  |      | 3,000,000          | 3,000,000         |
| Reserve for net revaluation under the equity method            |      | 45,670,152         | 1,814,505         |
| Retained earnings  |      | 711,971            | 41,848,264        |
| Proposed dividend for the year                                 |      | 0                  | 24,500,000        |
| <b>Equity</b>  |      | <b>49,382,123</b>  | <b>71,162,769</b> |
| <br>   |      |                    |                   |
| Provision for deferred tax                                     | 5    | 0                  | 163,113           |
| <b>Provisions</b>  |      | <b>0</b>           | <b>163,113</b>    |
| <br>   |      |                    |                   |
| Lease obligations  |      | 0                  | 4,028,040         |
| <b>Long-term debt</b>  | 6    | <b>0</b>           | <b>4,028,040</b>  |
| <br>   |      |                    |                   |
| Credit institutions  |      | 3,987              | 48,764            |
| Lease obligations  | 6    | 0                  | 1,165,980         |
| Trade payables   |      | 0                  | 18,409,125        |
| Payables to group enterprises                                  |      | 72,501,734         | 0                 |
| Other payables   |      | 2,469,170          | 3,906,054         |
| <b>Short-term debt</b>   |      | <b>74,974,891</b>  | <b>23,529,923</b> |
| <br>   |      |                    |                   |
| <b>Debt</b>  |      | <b>74,974,891</b>  | <b>27,557,963</b> |
| <br>   |      |                    |                   |
| <b>Liabilities and equity</b>                                  |      | <b>124,357,014</b> | <b>98,883,845</b> |
| <br>   |      |                    |                   |
| Contingent assets, liabilities and other financial obligations | 7    |                    |                   |
| Related parties  | 8    |                    |                   |
| Accounting Policies  | 9    |                    |                   |

## Statement of changes in equity

|  | Share capital    | Reserve for net revaluation under the equity method | Retained earnings | Proposed dividend for the year | Total             |
|--|------------------|---|-------------------|--------------------------------|-------------------|
|  | DKK              | DKK   | DKK               | DKK                            | DKK               |
| Equity at 1 January  | 3,000,000        | 1,814,505   | 41,848,264        | 24,500,000                     | 71,162,769        |
| Net effect from demerger and business sale under the uniting of interests method | 0                | -1,814,505  | 1,814,505         | 0                              | 0                 |
| Adjusted equity at 1 January   | 3,000,000        | 0   | 43,662,769        | 24,500,000                     | 71,162,769        |
| Ordinary dividend paid   | 0                | 0   | 0                 | -24,500,000                    | -24,500,000       |
| Extraordinary dividend paid  | 0                | 0   | -46,000,000       | 0                              | -46,000,000       |
| Net profit/loss for the year   | 0                | 45,670,152  | 3,049,202         | 0                              | 48,719,354        |
| <b>Equity at 31 December</b>   | <b>3,000,000</b> | <b>45,670,152</b>                                   | <b>711,971</b>    | <b>0</b>                       | <b>49,382,123</b> |

# Notes to the Financial Statements

|   | 2023                  | 2022                   |   |
|---|-----------------------|------------------------|---|
|   | DKK                   | DKK                    |   |
| <b>1. Staff Expenses</b>  |                       |                        |   |
| Wages and salaries  | 4,358,002             | 12,278,830             |   |
| Pensions  | 13,822                | 688,189                |   |
| Other social security expenses  | 0                     | 36,185                 |   |
| Other staff expenses  | 940                   | 174,176                |   |
|   | <b>4,372,764</b>      | <b>13,177,380</b>      |   |
| <b>Including remuneration to the Executive Board and Board of Directors</b> | <b>267,478</b>        | <b>3,572,863</b>       |   |
| <b>Average number of employees</b>  | <b>6</b>              | <b>21</b>              |   |
|   |                       |                        |   |
|   | 2023                  | 2022                   |   |
|   | DKK                   | DKK                    |   |
| <b>2. Income tax expense</b>  |                       |                        |   |
| Current tax for the year  | 308,286               | 15,378,748             |   |
| Deferred tax for the year   | -12,873               | 688,038                |   |
|   | <b>295,413</b>        | <b>16,066,786</b>      |   |
|   |                       |                        |   |
| <b>3. Property, plant and equipment</b>                                     |                       |                        |   |
|   | Land and<br>buildings | Plant and<br>machinery | Other fixtures<br>and fittings,<br>tools and<br>equipment |
|   | DKK                   | DKK                    | DKK   |
| Cost at 1. January  | 13,097,139            | 23,263,982             | 633,356   |
| Net effect from demerger and business sale                                  | 0                     | -22,677,113            | 0   |
| Additions for the year  | 0                     | 0                      | 492,552   |
| Cost at 31. December  | <b>13,097,139</b>     | <b>586,869</b>         | <b>1,125,908</b>  |
| Impairment losses and depreciation at 1. January                            | 4,973,524             | 13,293,811             | 397,141   |
| Net effect from merger and acquisition                                      | 0                     | -12,746,373            | 0   |
| Depreciation for the year   | 250,972               | 9,463                  | 207,060   |
| Impairment losses and depreciation at 31. December                          | <b>5,224,496</b>      | <b>556,901</b>         | <b>604,201</b>  |
| <b>Carrying amount at 31. December</b>                                      | <b>7,872,643</b>      | <b>29,968</b>          | <b>521,707</b>  |

## Notes to the Financial Statements

|  | 2023                     | 2022                    |
|--|--------------------------|-------------------------|
|  | DKK                      | DKK                     |
| <b>4. Investments in subsidiaries</b>      |                          |                         |
| Cost at 1 January                          | 99,649                   | 99,649                  |
| Net effect from merger and acquisition     | 35,536,211               | 0                       |
| Net effect from demerger and business sale | -99,649                  | 0                       |
| Cost at 31 December                        | <u>35,536,211</u>        | <u>99,649</u>           |
| Value adjustments at 1 January             | 1,814,505                | 1,701,664               |
| Disposals for the year                     | -1,814,505               | 0                       |
| Net profit/loss for the year               | 47,670,152               | 112,841                 |
| Value adjustments at 31 December           | <u>47,670,152</u>        | <u>1,814,505</u>        |
| <b>Carrying amount at 31 December</b>      | <b><u>83,206,363</u></b> | <b><u>1,914,154</u></b> |

Investments in subsidiaries are specified as follows:

| Name            | Place of registered office | Share capital | Ownership |
|-----------------|----------------------------|---------------|-----------|
| NLM France Sarl | Lyon, Frankrig             | TEUR 80       | 100%      |

|   | 2023           | 2022            |
|---|----------------|-----------------|
|   | DKK            | DKK             |
| <b>5. Deferred tax asset</b>                            |                |                 |
| Deferred tax asset at 1 January                         | -163,113       | 524,925         |
| Amounts recognised in the income statement for the year | 12,873         | -688,038        |
| Amounts recognised in equity for the year               | 387,259        | 0               |
| Deferred tax asset at 31 December                       | <u>237,019</u> | <u>-163,113</u> |

# Notes to the Financial Statements

| 2023 | 2022 |
|------|------|
| DKK  | DKK  |

## 6. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

### Lease obligations

|                       |          |                  |
|-----------------------|----------|------------------|
| After 5 years         | 0        | 0                |
| Between 1 and 5 years | 0        | 4,028,040        |
| Long-term part        | 0        | 4,028,040        |
| Within 1 year         | 0        | 1,165,980        |
|                       | <u>0</u> | <u>5,194,020</u> |

## 7. Contingent assets, liabilities and other financial obligations

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of CC NLM Invest ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 8. Related parties and disclosure of consolidated financial statements

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

| Name | Place of registered office |
|------|----------------------------|
|------|----------------------------|

# Notes to the Financial Statements

## 9. Accounting policies

The Annual Report of NLM VANTINGE A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

### Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

### Recognition and measurement

All expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

# Notes to the Financial Statements

## Income statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

### Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

### Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the parent company. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.



# Notes to the Financial Statements

## Balance sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, the asset is written down to its lower recoverable amount.

### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

# Notes to the Financial Statements

## Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

## Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

## Equity

### Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.